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March 1, 2000

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

REC'D TN  
REGULATORY AUTH.  
MAR 1 10 4 34  
EXECUTIVE SECRETARY

**Re: APPLICATION OF MEMPHIS NETWORKX, LLC FOR A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
TO PROVIDE INTRASTATE TELECOMMUNICATION  
SERVICES AND JOINT PETITION OF MEMPHIS LIGHT GAS &  
WATER DIVISION, A DIVISION OF THE CITY OF MEMPHIS,  
TENNESSEE ("MLGW") AND A&L NETWORKS-TENNESSEE,  
LLC ("A&L") FOR APPROVAL OF AGREEMENT BETWEEN  
MLGW AND A&L REGARDING JOINT OWNERSHIP OF  
MEMPHIS NETWORKX, LLC.**

**DOCKET NO. 99-00909**

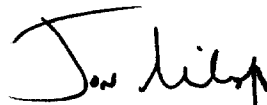
Dear Mr. Waddell:

Enclosed for filing, please find the original plus thirteen (13) copies of the Data Requests of the Tennessee Cable Telecommunications Association in the referenced docket. Copies are being served on parties of record.

If you have any questions or concerns with regard to this filing, please do not hesitate to contact me.

Sincerely yours,

**FARRIS, MATHEWS, BRANAN  
BOBANGO & HELLEN, P.L.C.**



Jon F. Minkoff

cc: Stacey Burks

**POSTED**  
3-3-00

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

'00 MAR 1 PM 4 34

**IN RE:**

**APPLICATION OF MEMPHIS NETWORKX, LLC  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE  
AND NECESSITY TO PROVIDE INTRASTATE  
TELECOMMUNICATION SERVICES AND JOINT  
PETITION OF MEMPHIS LIGHT GAS & WATER  
DIVISION, A DIVISION OF THE CITY OF  
MEMPHIS, TENNESSEE ("MLGW") AND A&L  
NETWORKS-TENNESSEE, LLC ("A&L") FOR  
APPROVAL OF AGREEMENT BETWEEN MLGW  
AND A&L REGARDING JOINT OWNERSHIP OF  
MEMPHIS NETWORKX, LLC.**

EXECUTIVE SECRETARY

**DOCKET NO. 99-00909**

**DATA REQUESTS THE TENNESSEE CABLE TELECOMMUNICATIONS  
ASSOCIATION**

COMES NOW, Intervenor Tennessee Cable Telecommunications Association ("TCTA"), and pursuant to Tennessee Code Annotated § 4-5-311 and Rules 33 and 34 of the Tennessee Rules of Civil Procedure submits these Data Requests to the Applicant, Memphis Networkx, L.L.C. ("Memphis Networkx"), and the Joint Petitioners, Memphis Light, Gas & Water ("MLG&W"), and A&L Networks – Tennessee, L.L.C. ("A&L").

**DEFINITIONS**

(a) The term "Identity" or "Identify" as used herein, with respect to any: (i) person, means to provide the name, current residential address, current residential telephone number, current business address, current business telephone number, the occupation or job title of that person, and the name, title and employer of the

**POSTED**  
3-3-00

person at the time in question; (ii) with respect to any other entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by the entity; and (iii) with respect to any document, those terms mean to provide the date of the document, the identity of the author or preparer of the document, the identity of each person to whom a copy or copies were sent, the type of document (e.g., letter, memorandum, tape recording, etc.), the substance and summary of the contents of the document, the title or label (if any) of the document, the present or last-known location and custodian of the document and any copies thereof, and if any such document was, but is no longer, in your possession, custody or control or is no longer in existence, state whether it: (1) is missing or lost; (2) has been destroyed; or (3) has been transferred voluntarily or involuntarily, and if so, state the circumstances surrounding the authorization for each such disposition and the date of such disposition.

(b) The term "Document" as used herein, shall have the broadest possible meaning under applicable law, and means any medium, including computers or other electronic media, upon which intelligence or information can be recorded, stored and/or retrieved, and includes, without limitation, the original and the copy, regardless of origin or location, of any book, record, report, statement, diary, calendar, schedules, progress schedules, time logs, drawings, notes, audio tape, video tape, computer disk, computer tape, computer printout, electronic or voice-mail message, pamphlet, periodical, letter, memorandum (including memorandum, note or report of a meeting or conversation) or any other written, typed, reported,

transcribed, punched, taped, filmed, electronic or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was but is not longer in your possession, custody or control. "Document" shall include all copies of documents by whatever means made, including any non-identical copies (or are different from the original because of handwritten notes, underlining, blind carbon copy or otherwise) and drafts of documents.

(c) The term "relating to" or "relates to" as used herein, means evidencing, supporting, contradicting, constituting, containing, recording, discussing, summarizing, analyzing, disclosing, referring to in whole or in part, or otherwise pertaining to any way.

(d) The term "you" as used herein means Networx, MLG&W, or A&L, or any other names under which you are known or have been known. These interrogatories are to be answered by Networx, MLG&W, and A&L or representatives thereof who are cognizant of the facts. For purposes of framing your responses to these interrogatories, the singular should be read to include the plural and vice versa.

(e) "Person" means any natural person, corporation, corporate division, partnership, or unincorporated association, trust, government agency, or entity.

(f) "And" and "or" shall be construed both conjunctively and disjunctively, and each shall include the other whenever such construction will serve to bring within the scope of these data requests information that would not otherwise be brought within their scope.

(g) "A&L" means A&L Networks – Tennessee, LLC, its parent, subsidiaries, and affiliates, their present and former officers, employees, agents, directors, and all other persons acting or reporting to act on behalf of A&L.

### **INSTRUCTIONS**

(a) These interrogatories are continuing in nature, and to the extent that any answers thereto may be enlarged, expended upon, modified, or corrected as the result of any changes in circumstances subsequent to the filing of Memphis Networx's, MLG&W's, and A&L's answers hereto, said parties are required to promptly supply counsel for the TCTA with amended or supplemental answers as required by Rule 26 of the Tennessee Rules of Civil Procedure.

(b) If any response required by way of answer to these data requests is considered to contain confidential or protected information, as defined by the term of the Protective Order entered in this docket, please furnish this information subject to the terms of said Order.

(c) These data requests are to be answered with reference to all information in your possession, custody or control or reasonably are available to you. These data request are intended to include request for information which is physically within Memphis Networx's, MLG&W's, or A&L's possession, custody or control as well as in the possession, custody or control of Memphis Networx's, MLG&W's, and A&L's agents, attorneys, or other third parties from which such documents may be obtained. If any data requests cannot be responded to in full, answer to the extent possible and specify the reason for your inability to respond fully. If you object to any part of the data request, answer all parts of the data request to which you do

not object, and as to each part to which you do object, separately set forth the specific basis for the objection.

### **DATA REQUESTS**

**Request No. 1.** Please Identify and provide a detailed chart of accounts or any and all related Documents for Memphis Networx, (i.e. controlling and subsidiary accounts) including an identification and description of the type of financial activity recorded to each account as of March 1, 2000.

**Response:**

**Request No. 2.** Please Identify and provide any and all Documents regarding accounting directives, memorandums, and/or policies with respect to the affiliate transactions of MLG&W, and the allocation of revenues, expenses, and investment among its divisions.

**Response:**

**Request No. 3.** If not provided in the response to Question 2, please Identify and provide Documents showing the bases for the allocation of indirect costs and joint costs among the divisions of MLG&W.

**Response:**

**Request No. 4.** Please Identify and provide any and all Documents regarding the amount of joint and common costs incurred by MLG&W during FY 1998, FY 1999, and for the first two months of 2000.

**Response:**

**Request No. 5.** Please Identify and provide any and all Documents showing the dollar amount of joint and common costs allocated to each division of MLG&W during FY 1998, FY 1999, and the first two months of 2000.

**Response:**

**Request No. 6.** Please Identify and provide any and all Documents showing the balance of all organizational expenses incurred by or on behalf of Memphis Networx through March 1, 2000.

**Response:**

**Request No. 7.** Please Identify and provide any and all Documents showing the total payments made to managerial consultants, technical consultants, and legal counsel by or on behalf of Memphis Networx as of March 1, 2000. Identify the account to which these expenditures have been or will be classified.

**Response:**

**Request No. 8.** Please provide a complete list of all municipalities with which A&L has entered into business relationships to provide services. Identify and provide any and all proposed or executed contracts.

**Response:**

**Request No. 9.** Please Identify the external financial statement auditor retained by MLG&W.

**Response:**

**Request No. 10.** Please indicate whether Memphis Networx will rely on the billing system and services of MLG&W.

**Response:**

**Request No. 11.** Please describe and provide a copy of any and all Documents showing any and all restrictions regarding the inclusion of Memphis Networx's advertising and other promotional material in the monthly subscriber bills submitted by divisions of MLG&W.

**Response:**

**Request No. 12.** Please Identify and provide any and all Documents indicating the terms of the joint use pole agreements entered into between MLG&W and requesting parties which requires payment per pole or per attachment. Please explain whether the rental rate is contingent upon the number of feet of pole space assigned to the requesting party.

**Response:**

**Request No. 13.** Please Identify and provide any and all Documents containing the terms of the joint use pole agreement entered into between MLG&W and Memphis Networkx.

**Response:**

**Request No. 14.** Identify all MLG&W staff, plant equipment, and all other resources used to date in the electric division that assisted the telecom division. Describe the level of and the extent to which they were involved. Describe the allocation of costs from other divisions to the telecom division.

**Response:**

**Request No. 15.** Please indicate whether Memphis Networkx has executed or intends to execute an agreement with MLG&W to secure space in MLG&W's

underground facilities. Identify any compensation being paid for the use of space in the rights of way. Please provide a copy of any proposed or executed agreement.

**Response:**

**Request No. 16.** Please Identify any and all former employees of MLG&W and A&L Networks that are current employees of Memphis Networkx. Please provide the name, address and job title for each employee.

**Response:**

**Request No. 17.** Please describe in detail the hiring procedures for current and future Memphis Networkx's employees, contractors and any other person promoting the entity's interests.

**Response:**

**Request No. 18.** Please Identify the location or proposed location of the Memphis Networkx operations' center.

**Response:**

**Request No. 19.** Please Identify the facilities, including general support assets, that will be shared or jointly used between Memphis Networkx and the divisions of MLG&W.

**Response:**

**Request No. 20.** Please indicate whether "Gross Asset Value" (as the term is defined in the proposed Operating Agreement) contributed by A&L Networks or MLG&W is different from the gross fair market value of the asset. If a difference exists, please provide an explanation for all differences.

**Response:**

**Request No. 21.** Please Identify and provide any and all Documents pertaining to any and all loan applications which have been approved by the Comptroller of the State of Tennessee and the Tennessee Valley Authority that are in any way related to the application subject to this proceeding.

**Response:**

**Request No. 22.** Identify any and all business entities in which MLG&W holds an interest as of March 1, 2000. Describe the nature of the business,

**Request No. 19.** Please Identify the facilities, including general support assets, that will be shared or jointly used between Memphis Network and the divisions of MLG&W.

**Response:**

**Request No. 20.** Please indicate whether "Gross Asset Value" (as the term is defined in the proposed Operating Agreement) contributed by A&L Networks or MLG&W is different from the gross fair market value of the asset. If a difference exists, please provide an explanation for all differences.

**Response:**

**Request No. 21.** Please Identify and provide any and all Documents pertaining to any and all loan applications which have been approved by the Comptroller of the State of Tennessee and the Tennessee Valley Authority that are in any way related to the application subject to this proceeding.

**Response:**

**Request No. 22.** Identify any and all business entities in which MLG&W holds an interest as of March 1, 2000. Describe the nature of the business,

MLG&W's percentage ownership or interests in the entity, and the entity's business structure.

**Response:**

**Request No. 23.** List all pursuits in which MLG&W is currently engaged to increase its non-traditional revenue, i.e. income generated from sources other than the delivery of electric, gas and water services.

**Response:**

**Request No. 24.** List the MLG&W construction projects started within the past five (5) years, requiring the deployment of telecommunications facilities on behalf of the electric, gas, and water divisions. Indicate whether Memphis Networkx will lease or have access to any of these facilities, including the terms of the arrangement.

**Response:**

**Request No. 25.** Indicate whether the operations of Memphis Networkx will be self-insured under MLG&W's current program.

**Response:**

**Request No. 26.** Please Identify and provide any and all Documents describing the process used to acquire the necessary managerial and technical expertise, including, without limitation, the release of a Request for Proposal to targeted entities or individuals; the number of responses; the evaluation of candidates; and the ultimate selection of consultants, employees, and network equipment vendors.

**Response:**

**Request No. 27.** Please Identify with particularity any and all charter provisions, ordinances, resolutions, rules or regulations which authorize MLG&W to enter into the proposed business relationship with A&L Networks to organize Memphis Networkx and/or provide the telecommunications services described in the Application subject to this proceeding.

**Response:**

**Request No. 28.** Please provide a detailed description of the network facilities that Memphis Networkx has constructed or will be constructing, or has or

will be constructed for its use, for the purpose of providing the telecommunications services described in the Application subject to this proceeding. Include in your answer: (a) the location of the network facilities; (b) the name and address of the contractor; (c) the date the construction was completed and/or the scheduled date of completion; and (d) an itemization of the construction costs.

**Response:**

**Request No. 29.** Please describe the relationship between the MLG&W Division and the City of Memphis. Include in your answer: (a) an identification of all enabling legislation enacted which is or was applicable to the creation, organization and operation of MLG&W; (b) a description of the organizational structure or an organizational chart of MLG&W; and (c) identification of the owner(s) of MLG&W.

**Response:**

**Request No. 30.** Identify and Provide any and all correspondence, memoranda, notes, contracts, or other related Documents pertaining to the entity, East 46<sup>th</sup> Street Partners. Describe the relationship between East 46<sup>th</sup> Street Partners and Memphis Networx, A&L, and/or MLG&W. Describe any existing or proposed transactions, deals, ventures, or other related revenue-generating plans

with East 46<sup>th</sup> Street Partners, and Identify any agent, affiliate, employee, person, or other party that may have knowledge relating to that relationship.

**Response:**

**Request No. 31.** Identify the actual rate of interest charged to the telecommunication division of MLG&W pursuant to the twenty million dollar (\$20,000,000.00) Revolving Line of Credit Note, and include the resource data and related Documents used to calculate that rate of interest. (See document identified as Attachment "A.")

**Response:**

**Request No. 32.** Describe any collateral or any other security received by MLG&W from Memphis Networx or A&L with respect to the twenty million dollar (\$20,000,000.00) revolving line of credit.

**Response:**

**Request No. 33.** Identify and Provide any and all pre-1999 correspondence, memoranda, notes, contracts, or any other related Documents pertaining to the Author D. Little, Inc. written by A&L and/or MLG&W.

**Response:**

**Request No. 34.** Describe the relationship between Arthur D. Little, Inc. and A&L, and/or MLG&W, prior to 1999.

**Response:**

**Request No. 35.** Describe in detail the business case developed by Memphis Networkx and its strategic partner, MLG&W, finding that market conditions supported Memphis Networkx's entry into the telecommunication services industry. Include any and all assumptions, data analysis, and any other related Documents.

**Response:**

**Request No. 36.** In an August 23, 1999 e-mail that Alex Lowe of A&L Underground sent to personnel at MLG&W, Mr. Lowe advised that A&L and MLG&W should inventory their Documents to "prevent disclosure of sensitive information if they get aggressive." Mr. Lowe advised, moreover, that once this information is identified and listed, it should "be moved to A&L (or Mnet? Ask Rickie or Max) to keep it out of the line of fire." Identify and produce both the list to which Mr. Lowe refers, as well all the "sensitive documents." Furthermore, Identify the people who received this communication, the people specifically named in the e-mail, and any other person who had knowledge of the e-mail's existence. (See document identified as Attachment "B.")

**Response:**

**Request No. 37.** Identify and describe any provisions, plans, or alternative measures that will be utilized or implemented regarding the infrastructure presently in place or other improvements already made in the event that the TRA does not approve Memphis Network's Application for CCN.

**Response:**

**Request No. 38.** Describe Aptus and its relationship to A&L. Identify and list Aptus' board of directors (or the people who manage the business and its affairs, if not organized as a traditional corporation).

**Response:**

**Request No. 39.** Identify and provide a list of A&L shareholders (or comparable investors if not organized as a traditional corporation), including, but not limited to A&L Construction, A&L Underground, and A&L-Tennessee, L.L.C.

**Response:**

**Request No. 40.** Identify and provide a list of A&L's board of directors (or the people who manage the business and its affairs, if not organized as a traditional

corporation) including, but not limited to A&L Construction, A&L Underground, and A&L-Tennessee, L.L.C.

**Response:**

**Request No. 41.** Provide A&L Underground's audited and unaudited 1998 financial records.

**Response:**

**Request No. 42.** Provide A&L Networks-Tennessee, L.L.C.'s operating agreement.

**Response:**

**Request No. 43.** Identify, describe and document any loan commitments from third parties to MLG&W, A&L, or Memphis Networkx. Identify the lender and the terms. If applicable, please provide a copy of the Document.

**Response:**

**Request No. 44.** Identify the percentage of long-term debt projected to be outstanding in Year 4 according to the Memphis Networx Pro Forma Balance Sheet (Exhibit H) that will be in the form of a loan from MLG&W and the percentage that will be guaranteed by MLG&W. Please provide the percentage of Year 4 long-term debt that will be secured from parties other than stakeholders in the Memphis Networx LLC.

**Response:**

**Request No. 45.** Provide a percentage breakdown of the Year 1 start-up costs projected to be incurred by Memphis Networx according to the Pro Forma financial statements (Exhibit H) by major category of expenditure (e.g. managerial consultants, technical consultants, etc.)

**Response:**

**Request No. 46.** Identify, describe and provide any and all Documents Memphis Networx, A&L, and/or MLG&W may have prepared indicating the economic viability of the Memphis Networx venture.

**Response:**

**Request No. 47.** Identify, describe and provide any and all Documents Memphis Networx, A&L, and/or MLG&W may have prepared showing the circumstances under which MLG&W, A&L, and/or Memphis Networx would lose money, or that the venture was not an economically viable or feasible arrangement.

**Response:**

**Request No. 48.** Provide the date, amount, and purpose of any investment, cash or otherwise, by A&L for Memphis Networx.

**Response:**

**Request No. 49.** Identify and produce any contract or related arrangement with a minority-owned, minority-involved or small business entity wherein said entity will provide services or goods to Memphis Networx.

**Response:**

**Request No. 50.** Provide a chart describing the ethnic and/or gender diversity of A&L's workforce.

**Response:**

**Request No. 51.** Identify and describe any current or potential minority-owned investor in Memphis Networx.

**Response:**

**Request No. 52.** Identify and provide any and all Documents relating to MLG&W's, Memphis Networx's, or A&L's relationship with Entergy.

**Response:**

**Request No. 53.** Describe any monetary advances made against any inter-divisional loan made to date from the MLG&W's electric division to the telecom division.

**Response:**

**Request No. 54.** Describe the changes, if any, to the business plan and equity investments described in the November 19, 1999 letter to John McCullough from David Bowling, the Acting Director for the Comptroller of the

Treasury. Please provide copies of both the original and revised plans. (See document identified as Attachment "C.")

**Response:**

**Request No. 55.** Describe any other public utility that has proposed to enter into, has declined to enter into, or has actually entered into the telecommunications industry, either directly or indirectly, within the past five (5) years that MLG&W either reviewed and/or relied upon during its decision to provide the proposed services.

**Response:**

**Request No. 56.** List all the cities and describe projects where A&L is currently operating a similar telecommunications service network.

**Response:**

**Request No. 57.** Provide the Income Statement for A&L-Tennessee, LLC.

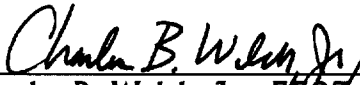
**Response:**

**Request No. 58.** With the exception of differences incidental to the types of services it provides, is MLG&W organized or managed any differently than any other department or division of the government of the City of Memphis? If so, please specifically describe any and all differences.

**Response:**

Respectfully submitted,

FARRIS, MATHEWS, BRANAN,  
BOBANGO & HELLEN, P.L.C.

 *with permission by JFM*  
\_\_\_\_\_  
Charles B. Welch, Jr., 5593  
Jon F. Minkoff, 19836  
Attorneys for the Tennessee Cable  
Telecommunications Association  
618 Church Street, Suite 300  
Nashville, Tennessee 37219  
(615) 726-1200

## **CERTIFICATE OF SERVICE**

I, Charles B. Welch, Jr., hereby certify that I have served a copy of the foregoing **Data Requests of the Tennessee Cable Telecommunications Association** on the parties listed below, by depositing copy of same in the U.S. Mail, postage prepaid, this the 1st day of March, 2000.

Richard Collier, Esquire  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0500

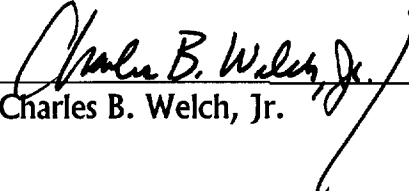
Dana Shaffer, Esquire  
NEXTLINK Tennessee  
105 Molloy Street  
Suite 300  
Nashville, TN 37201

Henry Walker, Esquire  
Boult, Cummings, et al.  
414 Union Avenue, Suite 1600  
P.O. Box 198602  
Nashville, TN 37219-8062

Guy M. Hicks, Esquire  
BellSouth Telecommunications, Inc.  
Suite 2101  
333 Commerce Street  
Nashville, TN 37201-8062

D. Billye Sanders, Esquire  
Waller Lansden et al.  
511 Union Street, Suite 2100  
P.O. Box 198966  
Nashville, TN 37219-8966

John Knox Walkup, Esquire  
Wyatt, Tarrant & Combs  
511 Union Street, Suite 1500  
Nashville, TN 37219-1750

  
Charles B. Welch, Jr. *with permission by Jmf*

ATTACHMENT A

REVOLVING LINE OF CREDIT NOTE

\$20,000,000.00

Memphis, Tennessee  
September 30, 1999

FOR VALUE RECEIVED, the undersigned, TELECOMMUNICATIONS DIVISION OF THE ELECTRIC DIVISION OF THE MEMPHIS LIGHT, GAS AND WATER DIVISION, OF THE CITY OF MEMPHIS (hereinafter referred to as "Maker"), promises to pay to the order of THE ELECTRIC DIVISION OF THE MEMPHIS LIGHT, GAS AND WATER DIVISION, OF THE CITY OF MEMPHIS (hereinafter referred to as "Payee"), the sum of Twenty Million and No/100 Dollars (\$20,000,000.00), or so much thereof as shall be advanced from time to time by the Payee to the Maker, together with interest as follows: The interest rate for each calendar month shall be the monthly average of the prime lending rate posted by a majority of the nation's largest banks that appear daily in The Wall Street Journal less three (3) percentage points (the "Index Rate"), but in no event shall the interest rate for any calendar month be less than the highest rate of interest then earned by the Payee on its invested electric plant funds, in accordance with the requirements of Tennessee Code Annotated Section 7-52-402(2) (the "Minimum Rate"). In the event the Index Rate in any calendar month is less than the Minimum Rate, the interest rate for that month shall be the Minimum Rate.

Interest on all advances outstanding shall be paid semi-annually with such payments being due and payable on January 1 and July 1 each year.

On the maturity date, January 1, 2010 (the "Maturity Date") the entire outstanding principal balance, together with all accrued and unpaid interest, shall be immediately due and payable in full.

Prior to the Maturity Date, Maker may borrow up to the principal amount of this Note and repay (without premium or penalty) and re-borrow funds so long as the principal amount of the funds disbursed hereunder at no time exceeds Twenty Million and No/100 Dollars (\$20,000,000.00).

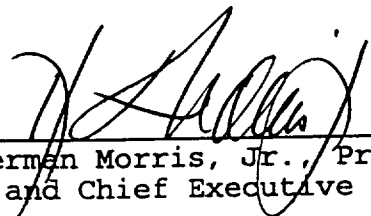
Time is of the essence of this Note. It is hereby expressly agreed that in the event that any default be made in the payment of any part of interest or principal in accordance with the terms hereof, or upon failure of Maker to keep and perform all the covenants, promises, agreements, conditions and provisions of this Note, or any other instrument or document now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced hereby; then, in any such case, the entire unpaid principal sum evidenced by this Note, together with all accrued interest, shall, at the option of the Payee, without notice, become due and payable forthwith, regardless of the stipulated Maturity Date. Upon the occurrence of any default as set forth herein, at the option of Payee and without notice to Maker, all accrued and

unpaid interest, if any, shall be added to the outstanding principal balance hereof, and the entire outstanding principal balance, as so adjusted, shall bear interest thereafter until paid, regardless of whether or not there has been an acceleration of the payment of principal as set forth herein. All such interest shall be paid at the time of and as a condition precedent to the curing of any such default. Failure of Payee to exercise this right of accelerating the maturity of the debt, or indulgence granted from time to time, shall in no event be considered as a waiver of said right of acceleration or stop Payee from exercising said right.

IN WITNESS WHEREOF, this Note has been duly executed by Maker the day and year first above written.

TELECOMMUNICATIONS DIVISION OF THE  
ELECTRIC DIVISION OF THE MEMPHIS LIGHT,  
GAS AND WATER DIVISION, OF THE CITY OF  
MEMPHIS

By:

  
Herman Morris, Jr., President  
and Chief Executive Officer

102621.03

Wade Stinson - Re: Release of Info

From: Alex Lowe <alex@alunderground.com>  
 To: "Wade Stinson" <wstinson@mlgw.org>, <freeman,jerry...  
 Date: 8/23/99 12:10PM  
 Subject: Re: Release of Info

Sounds like a plan to me. We should also identify just what documents MLGW has and what A&L has. This will prevent disclosure of sensitive information if they get aggressive. I suggest Jerry and Erik develop that list. I think general financial information like what went to the city should be developed for such a request. Then anything else will be moved to A&L (or MNet? ask Rickie or Max) to keep it out of the line of fire. Then, let them see what MLGW has and hope that satisfies them. al

At 11:56 AM 8/23/99 -0500, Wade Stinson wrote:  
 >Alex, Ed, Ward, Joel, Jerry, Erik, Mike W., Mark H.:  
 >Larry has advised that we need to think about how to handle requests for information on the telecom venture. For example, the article in the CA on Saturday where the professor said he would like to see the business case that justified the third network. What document or documents would we be willing to release if asked? My thought is that if we can give out some rather benign info upon request, it may prevent general or all-inclusive requests thru the public records channel. Think about this and let's discuss soon. Thanks, Wade cc: Larry T.

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 >

CC: "Larry Thompson" <lthompson@mlgw.org>

*AL to keep documents for now - then, transfer to MNet. Get all documents out of MLGW. Erik to work on summary document for public release. Also, working on slide show for CAC mtg. Ready next week.*

## ATTACHMENT C



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DIVISION OF LOCAL FINANCE  
SUITE 500 JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-0274  
PHONE (615) 741-4276  
FAX (615) 532-9237

November 24, 1999

Mr. John McCullough  
Vice-President, Finance and  
Chief Financial Officer  
Memphis Light, Gas and Water Division  
PO Box 430  
Memphis, Tennessee 38101-0430

Dear Mr. McCullough:

You have submitted letters dated September 30, 1999, and November 19, 1999, together with supporting documentation, concerning a plan which has been approved by the Board of Commissioners of the Memphis Light, Gas and Water Division to develop, construct and operate a telecommunications system pursuant to the authority of Tennessee Code Annotated, Title 7, Chapter 52, Part 401. Title 7, Chapter 52, Part 402(2) provides that inter-division loans may be executed to provide funds for such projects, and requires that such loans be approved in advance by this office. Pursuant to this requirement, you have requested approval for the execution of an inter-division loan in the amount of \$5,300,000 from the Electric Division to the Telecommunications Division of the Memphis Light, Gas and Water Division. The information you have submitted provides that the loan will be completely repaid in approximately six (6) years, and that the rate of interest on the loan will not be less than the highest rate earned on invested electric system funds, as required by Title 7, Chapter 52, Part 402(2).

Title 7, Chapter 52, Part 103(d) provides that a municipality, acting through the supervisory board of its municipal electric system, may enter into a joint venture with a third party for this type of project, provided that any contracts or agreements with such third parties are first approved by the Tennessee Regulatory Authority (TRA). You have advised us that since this project involves such a joint venture, this plan will be submitted to the TRA for their review and approval in accordance with this statute.

Subject to your receipt of approval for this project by the Tennessee Regulatory Authority, as required by Title 7, Chapter 52, Part 103(d), this constitutes approval by this office, pursuant to Title 7, Chapter 52, Part (402)(2), for an inter-division loan in an amount not to exceed \$5,300,000 from the Electric Division to the Telecommunications Division of the Memphis Light, Gas and Water Division. We are hereby requesting that you provide this office with a copy of the report issued by the Tennessee Regulatory Authority.

Sincerely,

A handwritten signature in dark ink, appearing to read "David H. Bowling".

David H. Bowling  
Acting Director

JM 0001